



STATE MINING AND GEOLOGY BOARD

EXECUTIVE OFFICER'S REPORT

For Meeting Date: September 12, 2002

Item 9 – Review Status of Chile Bar Slate Mine Reclamation Plan Preparation and Approval of an Interim Financial Assurance Amount, CA Mine ID #91-09-0004, El Dorado County

BACKGROUND: At the request of a Board Member, a report on the status of the preparation of the reclamation plan for Chile Bar Mine, and the mine's financial assurance, is placed on this agenda. The Surface Mining Standards Committee will make recommendations to the SMGB on this Item.

History: On October 13, 2000 an inspection of the Chile Bar Slate Mine was conducted by the SMGB pursuant to the requirements of Public Resources Code §2774(b). A result of that inspection was a determination by the SMGB that the mine's current reclamation plan (dated May, 1980) was no longer adequate to address reclamation of the site. Subsequent to this inspection, the operator conducted its own independent inspection of the site and, also, concluded that the original reclamation plan required substantial amending. The operator informed the SMGB on June 18, 2001 that it would commence preparing an amended plan.

On September 25, 2001 the SMGB office inquired as to the status of the preparation of an amended, or new, reclamation plan for the mine. The operator responded with a listing of its preparatory activities by letter dated October 3, 2001.

The mine underwent its second inspection by the SMGB pursuant to PRC §2774(b) on October 25, 2001. Present at the site inspection were SMGB members Brian Baca, Robert Hablitzel, and Richard Rameriz. The operator presented an advanced draft copy of the amended reclamation plan dated October 22, 2001 for review. On November 16, 2001 the SMGB office responded to the operator with a listing of 17 comments to the draft plan prepared by the Department of Conservation's Office of Mine Reclamation.

On March 11, 2002 the operator submitted a revised draft reclamation plan to the Committee. The revised draft was reviewed by the Surface Mining Standards Committee at its regular meeting on April 11, 2002. The Committee made 13 recommendations to the operator, which were to be incorporated into the plan prior to a final submittal to the Committee (reference SMGB letter dated April 23, 2002). By SMGB letter of May 14, 2002, the operator was informed that the Committee would like to review the revised Plan at its August 8, 2002 meeting, and requested the operator supply 15 copies of the final version of the plan as well as a financial assurance cost estimate by the first week of July.

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In various communications (telephonic and e-mail) between the operator's consultant and the SMGB office, the operator's consultant has reported continued progress in preparing the final reclamation plan; however, has admitted that the progress has been much slower than anticipated. At the time of the preparation of this Executive Officer's Report, no copies of the reclamation plan have been received at the SMGB office. The consultant has informed the SMGB office that the final printings are being processed and will be provided shortly.

Financial Assurance: The mine currently has a financial assurance instrument (Certificate of Deposit) in the amount of \$18,854.

On March 23, 2001, El Dorado County submitted to the Department of Conservation's Office of Mine Reclamation (OMR) a revised financial assurance cost estimate (FAE) provided by the mine operator. The FAE was in the amount of \$15,277. The OMR responded by letter dated May 9, 2001 that the FAE was not adequate and additional funds would be necessary; specifically, an initial amount of about \$40,000 would be required to scope the reclamation work if the County or the State inherited the reclamation activities. The basis of this position was the SMGB's annual inspection that stated, "The existing reclamation plan is inadequate and does not reflect operations currently being performed at the site in regards to activities, their relative location(s), practices, and performance standards."

Based on an analysis of the FAE by RGP (the current consultants to the Chile Bar Mine), the County concluded to approve the financial assurance amount at its current \$18,854.

The SMGB conducted a second annual inspection of Chile Bar Mine in October 2001 (the SMGB became SMARA lead agency for the County in June 2001). Following that inspection, the operator was requested to provide a revised FAE by February 2002. Since the operator was in the process of drafting a significantly revised reclamation plan at this time, and it was believed a completed reclamation plan would be provided within a few weeks, the calculation of a revised FAE was suspended until the plan was prepared. A reclamation plan was submitted on March 11, 2002 and reviewed by the Committee on April 11th; however, substantial revisions to this version of the plan were requested by the Committee. At this point, there has been no revised FAE submitted. The SMGB's letter dated May 14, 2002 requested that the final version of the reclamation plan and a FAE be provided by the first week of July.

DISCUSSION: Based on the draft of the proposed reclamation plan, which includes a revegetation program, erosion control program, and the necessity to ensure that the working face is left in a stable condition, it is evident that the current financial assurance amount of \$18,854 is not sufficient to reclaim the site to a stable condition. If the Board proposes to require a financial assurance revised amount, it may wish to consider the issues listed following.

I. Primary Reclamation Activities:

Stabilization of Working Face: The working face currently is at about a ½:1 (h:v) slope or steeper, and is not stable at this steep angle. The exposed bedding planes in the slate dip out of the wall face at various steep angles. Rock falls are not uncommon. In order to “stabilize” the face, it would need to be brought to some angle of repose less than its current angle. If the face were cut back to a 1:1 slope and benched at 50-foot intervals, it would require the removal of approximately 562,500 cubic yards of material¹. A “standard” slope of 2:1 would require approximately 1,125,000 cubic yards of material to be removed from the face and distributed over the site. Current slope stability analysis was performed by visual methods (bedding planes into the face were not mapped to depth), and assumed a dry condition rather than saturated; therefore, it is not possible to predict a critical angle of stability or factor of safety for the face at this time.

If the face were to be left at a 1:1 slope with benches, then the following amount may be required using a dozer D8 moving approximately 400 cubic yards per hour (this assumes that the face is blasted first and then dressed with the dozer). This includes contouring material removed from face.

$$\frac{1,406 \text{ hrs} \times \$180/\text{hr (inc. operator)}}{[\text{Cost for a 2:1 final slope} = \$506,160]} = \$253,080.$$

II. Revegetation Program:

The assumption is made that it will cost approximately \$0.25 per square foot to revegetate the site. Currently, 7 ¼ acres are disturbed. Based on these values:

$$7 \frac{1}{4} \text{ ac.} = 315,810 \text{ sq. ft.} \times \$0.25/\text{sq ft.} = \$78,952$$

III. Plant Structures and Equipment Removal:

The assumption is made that the salvage value of the plant and equipment is sufficient to offset the costs of its removal. Zero net cost for this item.

IV. Miscellaneous Items:

<u>Removal of miscellaneous materials/clean-up:</u>	\$5,000
<u>Fencing and security of site:</u>	\$5,000

¹ Assumes working face has 225 feet vertical height, 600 feet long, and runs horizontally 225 feet from toe to rim. The length of the cut face is measured from the Aerial Photo Figure 4.

Permits: \$5,000

V. Monitoring:

Monitoring will occur for three years, and require two site visits per year, one of which will be the SMARA annual inspection.

3 visits for revegetation only x \$800 per visit =	\$ 2,400
3 annual inspections x \$1,200 per visit =	\$ 3,600
20% of revegetation cost for replacements =	\$15,790

Total Estimated Direct Costs: \$368,822

Supervision (5.7% from Graph) =	\$ 21,025
Profit & Overhead (11.5% from Graph) =	\$ 42,419
Contingencies (10% from Guideline) =	\$ 36,886
<u>Total Indirect Costs =</u>	<u>\$100,330</u>

Total Direct + Indirect Estimated Costs: \$469,152

Lead Agency Overhead (15%) = \$70,372

Total Estimated Financial Assurance Amount: \$539,524

EXECUTIVE OFFICER COMMENTS: The Surface Mining Standards Committee will be providing the Board with a recommendation regarding the setting of an Interim Financial Assurance Amount. If the Board determines to establish an Interim Financial Assurance Amount, the following Motion Language is Suggested:

SUGGESTED MOTION LANGUAGE:

To approve a Financial Assurance Amount:

Mr. Chairman, in light of the information provided to the Board at this and at previous meetings, I move that the SMGB approve a financial assurance for the Chile Bar Slate Mine in the amount of \$_____, which is to be submitted to the SMGB office in a form acceptable to the SMGB not later than 30 days from receipt by the operator of the SMGB's written determination.

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